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ABSTRACT

This paper briefly discusses new housing programs for the homeless sponsored by the Department of Housing and Urban Development (HUD), the funding provided by the 100th Congress, and two additional HUD programs to aid the homeless. The following four programs are discussed: (1) the Emergency Shelter Program; (2) the Transitional Housing Program, in which HUD makes non-interest-bearing advances to the states, local governments, or non-profit organizations for permanent housing; (3) the Supplemental Assistance Program; and (4) the Section 8 Assistance for Single Room Occupancy Program. The following legislation by the 99th and the 100th Congresses is covered: (1) P.L. 99-550, H.J. Res 738 (Continuing Appropriations for FY87); (2) P.L. 100-77, H.R. 558 (Urgent Relief for the Homeless Act); (3) P.L. 100-202, H.J. Res. 395 (Continuing Appropriations for FY88); and (4) H.R. 4 (Gonzalez et al., Housing and Community Development Act of 1987). A list of four congressional hearings, reports, and documents is included, along with a list of four publications additional for reading. (JS)

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CRS Issue Brief

HOMELESS HOUSING: HUD'S SHELTER PROGRAMS

Updated September 21, 1988

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HOMELESS HOUSING: HUD'S SHELTER PROGRAMS

SUMMARY

A homeless person is generally defined as one who is poor and has no permanent residence. In recent years, there has been an increase in the number of homeless persons and homeless families on our streets. It is the increase in this growing number of homeless families, in particular, that has encouraged Congress to take further action in providing emergency shelters and transitional housing.

In the 99th Congress, legislation was enacted which established two new housing programs for the homeless. One program provides emergency shelters and the other is a transitional housing program. Through the emergency shelter program, HUD makes grants to States, local governments or non-profit organizations to renovate or convert buildings into shelters for the homeless. The grant must be matched by equal amounts from another source, and the shelter must remain open for at least 3 years.

Through the transitional program, HUD makes non-interest-bearing advances to States, local governments or non-profit organizations for the purchase or rehabilitation of existing structures to be used as a more permanent form of housing for those homeless persons and families who should be capable of independent living in a reasonable period of time. HUD subsidizes 75% of the operating costs of such housing as well.

Legislation has been passed in the 100th Congress to fund these programs and two other HUD programs as well: the supplemental assistance and the Section 8 single room occupancy programs.

ISSUE DEFINITION

In 1983 Congress passed the first legislation which provided Federal funds for an emergency food and shelter program to aid the homeless. The funding for this continuing program is administered by the Federal Emergency Management Agency (FEMA). It was not until 1986 that additional programs of emergency and transitional shelters for the homeless were established under the Department of Housing and Urban Development (HUD). The continuing appropriation for FY87 (P.L. 99-500) appropriated $10 million for the emergency shelter program and $5 million for the transitional housing program in FY87. The 100th Congress will decide whether or not funding for these programs should continue through FY88. This issue brief discusses these new HUD housing programs for the homeless, funding provided in the 100th Congress, and two additional HUD programs to aid the homeless.

BACKGROUND AND ANALYSIS

The emergency shelter program and the transitional housing programs of HUD were first introduced in H.R. 1 of the 99th Congress. However, H.R. 1 was never passed by Congress and the section on these two programs was incorporated in the Continuing Appropriations for 1987 (P.L. 99-500) as Title V, the "Homeless Housing Act of 1986." This act was signed into law on Oct. 18, 1986.

The Emergency Shelter Program

The Emergency Shelter program authorizes the Department of Housing and Urban Development (HUD) to make grants to States, local governments or non-profit organizations to provide assistance to the homeless. These grants are to be allocated under the same formula as that used to distribute funds under the Community Development Block Grant Program (CBDG). Twice during the fiscal year, HUD is to examine how these funds are being used by the localities, and any unused funds would be reallocated to local governments with large number of homeless individuals or to non-profit organizations that are assisting the homeless.

States, cites and counties interested in receiving grants must submit an application to HUD when notified of available funds. The completed application must include a plan describing the proposed use of such assistance. If accepted, those localities receiving grants must match funding with equal amounts from another source. The source can be private industry, charitable organizations, or the value of time and services provided by volunteers who will staff the emergency facilities. This provision ensures that local businesses and organizations will take some responsibility in aiding the homeless in their areas.

Funding provided under the program may be used for various activities related to emergency shelters, including the renovation, major rehabilitation, or conversion of buildings to be used as shelters for the homeless. Up to 15% of the grant may be used for supportive services (if the local government has not provided such services in the last year), and any maintenance, insurance, furnishings or utilities as needed.

Grantees are required to maintain a safe and sanitary shelter for the homeless for a 3-year period. If assistance was provided for the major rehabilitation or conversion of a building, that shelter must be maintained for a 10-year period. Localities or organizations operating the shelter must also assist the homeless individuals and families in obtaining support services through other public or private assistance.

As of Dec. 23, 1987, applications for funding for this program had been received by HUD from all 50 States and Puerto Rico. In all, 318 applications were received and 316 have been funded. The remaining two applications are being reviewed.

Transitional Housing Program

The Transitional Housing Program is a demonstration program established to develop innovative approaches for providing a more permanent form of shelter for those homeless persons capable of moving into traditional housing and independent living in a reasonable period of time, not to exceed 18 months. This type of shelter is particularly crucial for the increasing number of families who have become homeless, and homeless individuals with mental or physical disabilities.

Under this program HUD is to make non-interest-bearing advances to State, local governments, or non-profit organizations to cover part of the costs of acquiring or rehabilitating existing structures to be used in providing housing and supportive services for the homeless. These recipients will be chosen based on their financial responsibility, capacity to provide and operate traditional housing, and their ability to coordinate supportive services obtained through other public and private entities. No funds are to be used for the new construction of housing for the homeless. These advances are not to exceed $200,000 or 50% of the rehabilitation or acquisitions costs, whichever is less. HUD is limiting the amount of this advance to 50% of costs so that matching funds from another source would also have to be used to finance the project.

All recipients of advances are required to operate the project for a 10-year period. If the project is used as transitional housing for fewer than 10 years, the project sponsor would be required to repay 100% of the advance. If the project is used for such housing for more than a 10-year period, the percentage of the amount that would be required to be repaid would be reduced by 10 percentage points for each year in excess of 10 that the property is maintained as supportive housing. All recipients of advances would also receive annual payments from HUD covering up to 75% of their operating costs. Technical assistance would also be offered to recipients through the HUD field office staff.

Once HUD obligates the funds to a recipient for the 10-year period, no adjustments to raise the amount of the advance can be made. HUD also retains the right to recapture or deobligate any funds for projects which have not been acquired or rehabilitated in a reasonable amount of time after funding.

Each homeless person or family residing in transitional housing is required to pay 30% of their adjusted monthly income as rent, or if they are receiving welfare payments, that portion designated for housing costs.

As of Dec. 23, 1987, HUD had awarded $54 million to fund 118 projects.

Supplemental Assistance for Facilities to Assist the Homeless

The Supplemental Assistance Program was authorized in the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77). This program provides assistance to cover any additional costs (not covered by other HUD programs) incurred by facilities which provide emergency shelter or transitional shelter for the homeless. Basically, these costs include assistance to meet the special needs of homeless families with children, or elderly and handicapped individuals. Funding may also be used to facilitate the transfer and utilization of public buildings to be used as shelter. No funding, however, can be made under this program until an applicant has exhausted all other possible means of funding.

Any State, city, county, tribe, or non-profit organization that receives assistance under this program must repay the funding 100% if the facility is not used to shelter the homeless for at least 10 years. After that time, the amount of funds the recipient would be required to repay would be reduced by 10 percentage points for each year in excess of 10 that the property is used to assist the homeless.

As of Dec. 23, 1987, $15 million had been funded through this program to finance 38 projects in 24 States.

Section 8 Assistance for Single Room Occupancy

This program provides Section 8 assistance for the moderate rehabilitation of single room occupancy units (SRO) in an effort to preserve existing housing and prevent homelessness. Under the program, HUD allocates Section 8 assistance on the basis of national competition to applicants who best demonstrate need and the ability to carry out the program. A written proposal describing the area and population to be assisted, as well as a detailed description of how the funds will be used, must be submitted to HUD for consideration.

No single city or county is to receive more than 10% of the assistance provided by this program, and no more than $14,000 can be spent to renovate any one unit. However, if HUD determines that a locality has high construction costs or stringent fire codes, this maximum amount per unit can be raised.

Funds are awarded to public housing agencies for an aggregate period of 10 years, and may be renewed by HUD for an additional 10 years as long as homeless individuals have first priority for occupancy of these units.

As of Dec. 23, 1987, $35 million had been awarded to 19 public housing agencies to rehabilitate 1,048 SRO units.

LEGISLATION

99th Congress

P.L. 99-550, H.J. Res 738

Continuing Appropriation for FY87 incorporated H.R. 5313, HUD-Independent Agencies Appropriation Act of 1987. Appropriates $10 million for the Emergency Shelter Program and $5 million for the Transitional Housing Program in FY87. All funds are to remain available until expended. Passed House and Senate Oct. 17, 1986. Signed into law Oct. 18, 1986.

100th Congress

P.L. 100-77, H.R. 558

Urgent Relief for the Homeless Act. Authorizes an additional funding of $100 million for the Emergency Shelter Program and $80 million for the Transitional Housing Program in FY87, as well as $120 million for emergency shelter grants and $100 million for transitional housing in FY88; $25 million for the Supplemental Assistance program in each of FY87 and FY88; and an increase of $35 million for Section 8 funds to assist the rehabilitation of single room occupancy units. Introduced Jan. 8, 1987; referred to Subcommittee on Health and Environment Jan. 27, 1987. Markup session held Feb. 26, 1987. Passed House, amended, Mar. 5, 1987. Passed Senate, amended. Signed into law July 22, 1987.

P.L. 100-202, H.J.Res. 395

Continuing Appropriations for FY88. Appropriates $7.9 billion for assisted housing, including an additional $8 million for the emergency shelter grant program and $65 million for the transitional housing program in FY88. Reported to House from Committee on Appropriations Oct. 29, 1987. Passed House Dec. 3, 1987. Passed Senate Dec. 11, 1987. Signed into law Dec. 22, 1987.

H.R. 4 (Gonzalez et al.)

Housing and Community Development Act of 1987. Appropriates $100 million for the Emergency Shelter Program and $50 million for the Transitional Housing Program in FY88. The bill differs from provision in P.L. 99-500 in that shelters undergoing substantial rehabilitation must be maintained for 7 years rather than 10. Introduced Jan. 6, 1987; referred to Committee on Banking, Finance, and Urban Affairs. Hearings held by Subcommittee on Housing and Community Development Mar. 12, 1987. Passed the House June 17, 1987 after being incorporated in S. 825.

CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS

U.S. Congress. House. Committee on Government Operations. Subcommittee on Intergovernmental Relations and Human Resources. The Federal response to homeless crisis; third report together with dissenting views. 99th Congress, 1st session. Washington, U.S. Govt. Print. Off., 1986. 24 p.

----- Hearings on the Federal response to homelessness. Oct. 3, Nov. 20, and Dec. 18, 1984. Washington, U.S. Govt. Print Off., 1985.

----- Hearings on homelessness: Emergency Aid to Families Program. Mar. 19, 1986. Washington, U.S. Govt. Print. Off., 1986.

U.S. Congress. Senate. Special Committee on Aging Hearings on America's chronic homeless: Living between the cracks. Dec. 12, 1984. Washington, U.S. Govt. Print. Off., 1986.

FOR ADDITIONAL READING

U.S. Library of Congress. Congressional Research Service. The Emergency food and shelter program, by Keith Bea. [Washington] 1986.
CRS Report 86-850 GOV

----- The Homeless: Overview of the problem and the Federal response, by Karen Spar and Monique Austin. [Washington] 1984.
CRS Report 84-766 EPW

----- Housing and homeless provisions: A side-by-side comparison of H.R. 4, H.R. 286, and H.R. 558, by Joseph A. Cislowski, Joseph I. Richardson, Carmen D. Solomon, and Susan Vanhorenbeck. [Washington] 1986.
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----- The Reagan 1987 budget and the homeless, by Morton J. Schussheim. [Washington] 1986.
CRS Report 86-624 S